



Office of the Superintendent of  
Financial Institutions Canada

Bureau du surintendant des  
institutions financières Canada

# **Office of the Superintendent of Financial Institutions**

**2010-11**

## **Departmental Performance Report**

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The Honourable James M. Flaherty  
Minister of Finance



**Canada**



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## Superintendent's Message



Although Canadian financial institutions remained well capitalized and competitive internationally in 2010-2011, the global economic and regulatory climate remained unsettled. In response to the global financial crisis, international regulatory bodies have proposed a number of regulatory changes that are likely to have a transformational impact on the global financial system. While Canadian financial institutions are in an enviable position to adapt to and implement these changes, the global recovery is fragile and asymmetric. It is important that OSFI and the institutions it oversees guard against complacency and the notion that we can return to "business as usual" without taking stock of the lessons learned from the crisis.

Our continuing participation internationally -- to work on and implement Canada's G-20 commitments -- allows us to contribute to improving global standards, while securing modifications that reflect the Canadian regulatory experience and that of Canadian financial institutions.

We continued to work closely with our federal financial regulatory partners (Bank of Canada, Department of Finance, Canada Deposit Insurance Corporation, and Financial Consumer Agency of Canada) to discuss the health of financial institutions, monitor the resilience of the financial sector, and discuss macro-economic and systemic risk issues.

We worked on implementing changes to the *Pension Benefits Standards Act* and continued to review and update other previously published policy advisories, guidance and directives to ensure that we maintain a modern, flexible and effective federal regulatory framework.

We continued to promote a balanced approach to new regulation, and also promoted as much focus on day-to-day supervision of institutions as on regulatory changes. To promote best practice in the industry, we planned and conducted comparative reviews on corporate governance, stress testing, commodities, and information security. We hosted annual risk management seminars for deposit-taking institutions, and the life insurance and property and casualty insurance industries. We updated our Supervisory Framework to reflect changing risks in the financial environment, and completed our internally focused, multi-year project to move to International Financial Reporting Standards (IFRS) on time and on budget.

All of these accomplishments result from the contributions of our employees and their commitment to meeting our mandate. Their professional expertise and judgement derived from experience are responsible for the strong and effective regulation and supervision that Canadian depositors, policy holder and beneficiaries rely on.

It will take some time before the impacts of the financial crisis are behind us. Implementation of regulatory responses, both internationally and domestically, will take time as well, and require us to watch out for unintended consequences. Acting prudently has been a source of stability for the Canadian financial system and is the foundation for continued success.

## **SECTION I: DEPARTMENTAL OVERVIEW**

### **Raison d'être**

The Office of the Superintendent of Financial Institutions (OSFI) supervises and regulates all federally incorporated or registered deposit-taking institutions (e.g., banks), life insurance companies, property and casualty insurance companies, and federally regulated private pension plans.

OSFI safeguards depositors, policyholders and private pension plan members by enhancing the safety and soundness of federally regulated financial institutions and private pension plans.

The Office of the Chief Actuary (OCA) is a separate unit within OSFI and provides expert actuarial services and advice on the state of various public pension plans and on the financial implications of options being considered by policy makers. In conducting its work, the OCA plays a vital and independent role towards a financially sound and sustainable Canadian public retirement income system.

### **Responsibilities**

OSFI's legislated mandate was implemented in 1996 and under the legislation, OSFI's mandate is to:

- Supervise federally regulated financial institutions and private pension plans to determine whether they are in sound financial condition and meeting minimum plan funding requirements, respectively, and are complying with their governing law and supervisory requirements;
- Promptly advise institutions and plans in the event there are material deficiencies and take, or require management, boards or plan administrators to take, necessary corrective measures expeditiously;
- Advance and administer a regulatory framework that promotes the adoption of policies and procedures designed to control and manage risk; and
- Monitor and evaluate system-wide or sectoral issues that may impact institutions negatively.

OSFI's prudential mandate supports a safe and sound Canadian financial system.

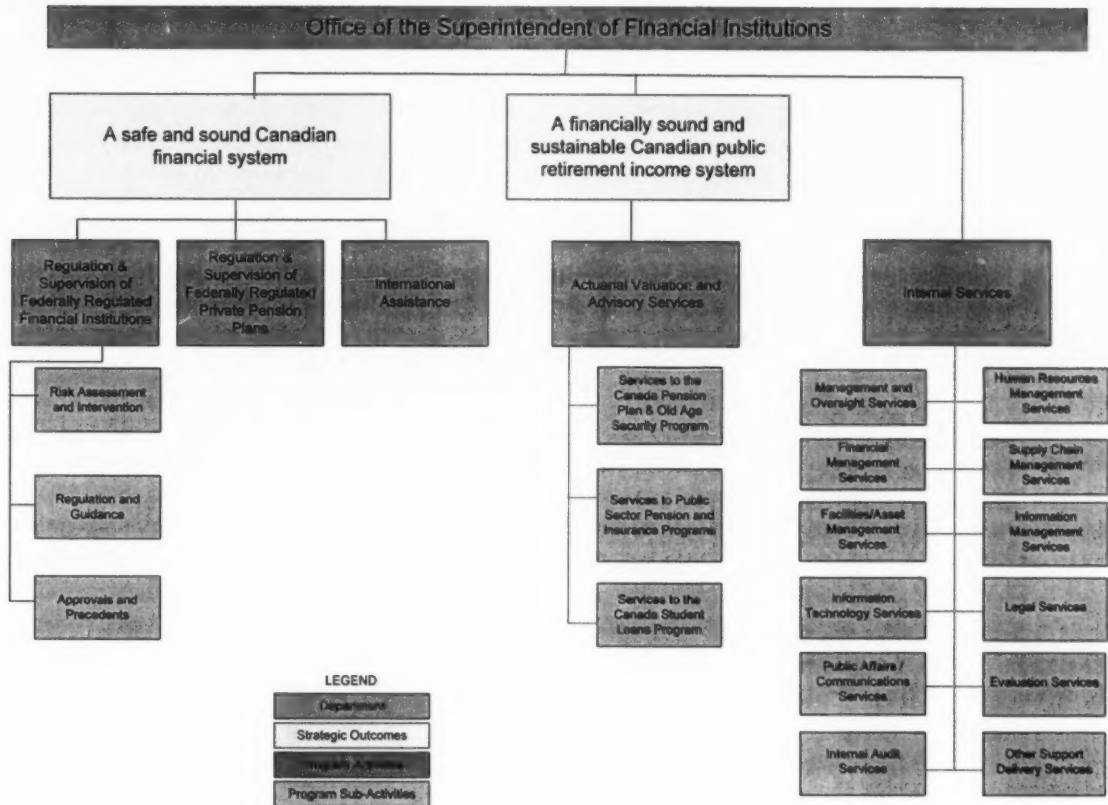
OSFI's legislation also acknowledges the need to allow institutions to compete effectively and take reasonable risks. It recognizes that management, boards of directors, and plan administrators are ultimately responsible and that financial institutions and pension plans can fail.

## Strategic Outcomes and Program Activity Architecture (PAA)

Primary to OSFI's mandate and central to its contribution to Canada's financial system are two strategic outcomes:

1. *A safe and sound Canadian financial system.*
2. *A financially sound and sustainable Canadian public retirement income system.*

The chart below illustrates OSFI's framework of program activities and program sub-activities, which roll-up and contribute to progress toward the strategic outcomes.



## Organizational Priorities

The following tables present a summary of achievements against OSFI's operational and managerial priorities in 2010-2011.

### Priority Status Legend

**Exceeded:** More than 100 per cent of the expected level of performance (as evidenced by the indicator and target or planned activities and outputs) for the expected result or priority identified in the corresponding Report on Plans and Priorities (RPP) was achieved during the fiscal year.

**Met all:** 100 per cent of the expected level of performance (as evidenced by the indicator and target or planned activities and expected outputs) for the expected result or priority identified in the corresponding RPP was achieved during the fiscal year.

**Mostly met:** 80 to 99 per cent of the expected level of performance (as evidenced by the indicator and target or planned activities and expected outputs) for the expected result or priority identified in the corresponding RPP was achieved during the fiscal year.

**Somewhat met:** 60 to 79 per cent of the expected level of performance (as evidenced by the indicator and target or planned activities and outputs) for the expected result or priority identified in the corresponding RPP was achieved during the fiscal year.

**Not met:** Less than 60 per cent of the expected level of performance (as evidenced by the indicator and target or planned activities and outputs) for the expected result or priority identified in the corresponding RPP was achieved during the fiscal year.

Priority:	Type <sup>1</sup> :	Strategic Outcome
Enhanced Identification of Emerging Risks	Previously committed to	Strategic Outcome 1
<b>Status: Met All</b>		
<p><i>Continue to improve OSFI's ability to identify, monitor and report on emerging risks to federally regulated financial institutions and private pension plans, including system-wide risks, through enhanced research and intelligence gathering, international and domestic monitoring, and comparative reviews in key risk areas.</i></p> <ul style="list-style-type: none"> <li>Completed revisions to OSFI's Supervisory Framework, and conducted training for supervisors.</li> <li>Improved the breadth and depth of analysis supporting the Emerging Risks Committee.</li> <li>Enhanced collaboration with the Bank of Canada and the Department of Finance on analysis of macroeconomic and systemic risk issues.</li> <li>Held annual Risk Management Seminars for various industry segments (deposit taking institutions (DTIs), life insurance, and property and casualty (P&amp;C) insurance companies); hosted a College of Supervisors for two of Canada's largest banks which brought together executives from each bank with supervisors from several jurisdictions where they do business, and the first college for a large life insurance company.</li> <li>Planned and conducted comparative reviews for corporate governance, stress testing, commodities<sup>2</sup> and</li> </ul>		

<sup>1</sup> Type is defined as follows: **Previously committed to**—committed to in the first or second fiscal year before the subject year of the report; **Ongoing**—committed to at least three fiscal years before the subject year of the report; and **New**—newly committed to in the reporting year of the DPR.

information security, and feedback is provided to federally regulated financial institutions (FRFIs) on the results as the reviews are completed.

Priority:	Type:	Strategic Outcome
Institutional and Market Resilience	Previously committed to	Strategic Outcome 1
<b>Status: Met All</b>		
<p><i>Continue to participate in international discussions of key issues arising from global financial events, and work with Financial Institutions Supervisory Committee (FISC) partners and OSFI-regulated industries to maintain strong communications, preparedness and overall market resilience.</i></p> <ul style="list-style-type: none"> <li>▪ Continued participation in international forums such as the Financial Stability Board, Basel Committee on Banking Supervision (BCBS), Senior Supervisors Group, Joint Forum, and International Association of Insurance Supervisors (IAIS), contributing to the development of internationally agreed upon prudential and supervisory standards to strengthen the financial sector.</li> <li>▪ Continued to work closely with our FISC partners to monitor the resilience of the financial sector and discuss critical issues.</li> <li>▪ Consulted with stakeholders in drafting guidance related to a number of areas (e.g., Basel III: A global regulatory framework for more resilient banks and banking systems, Internal Capital Adequacy Assessment Program, IFRS-impacted guidance).</li> <li>▪ Developed industry guidance for stress testing, building on BCBS, IAIS and existing OSFI principles.</li> </ul>		

Priority:	Type:	Strategic Outcome
Capital Adequacy	Previously committed to	Strategic Outcome 1
<b>Status: Met All</b>		
<p><i>Continue to participate actively in international forums (Basel Committee on Banking Supervision, Financial Stability Board, Joint Forum, and International Association of Insurance Supervisors) to contribute to the development of internationally agreed upon bank and insurance capital standards; review and improve domestic regulatory capital requirements and assessment practices; and enhance risk sensitivity of capital requirements in the insurance and banking sectors.</i></p> <ul style="list-style-type: none"> <li>▪ Negotiated Basel Committee revision of: minimum risk based capital ratios, an international asset-to-capital multiple, and minimum liquidity — supported by a Qualitative Impact Study and by a consultation and discussion process with affected Canadian banks.</li> <li>▪ Secured key modifications to new Basel III capital and liquidity rules, which would otherwise have had negative effects on Canadian deposit-taking institutions.</li> <li>▪ Held discussions with the Minimum Continuing Capital and Surplus Requirements (MCCSR) Advisory Committee about a fundamental review of the current valuation methodology for segregated funds requirements, and established a technical working group with industry for the project.</li> <li>▪ Developed proposed capital changes (IFRS Advisory) and related modifications to forms in anticipation of IFRS implementation.</li> <li>▪ Posted key principles for a revised Canadian capital framework for deposit-taking institutions.</li> <li>▪ Completed revisions to the Minimum Capital Test (MCT) guideline for 2011, in consultation with the Insurance Bureau of Canada.</li> </ul>		

<sup>2</sup> Commodity trading is part of FRFIs' trading book activities that OSFI supervises. In addition, commodity risk factor Value at Risk (VaR) forms part of various FRFIs' VaR models OSFI approves for the calculation of regulatory market risk capital. (VaR is a statistical technique that measures the worst-case loss expected over a one-day period within a 99% confidence level.)



Priority:	Type:	Strategic Outcome
People	Ongoing	Strategic Outcomes 1 and 2
<b>Status: Met All</b>		
<p><i>Identify changing human resources requirements to ensure timely availability of qualified staff and the assignment of these resources based on identified risks and priority areas; implement strategic learning and development (training) plans.</i></p> <ul style="list-style-type: none"> <li>▪ Increased the staff complement to address needs in areas such as actuarial, capital, credit, research, and information management and technology.</li> <li>▪ Reviewed executive compensation structure in light of market comparability and the <i>Expenditure Restraint Act</i> (ERA).</li> <li>▪ Conducted a 360-degree feedback program for all managers.</li> <li>▪ Introduced individual learning plans and targeted technical training to achieve HR plans and meet evolving business needs.</li> </ul>		

Priority:	Type:	Strategic Outcome
Infrastructure Enhancements	Previously committed to	Strategic Outcome 1
<b>Status: Met All</b>		
<p><i>Implement the long-term strategies and related governance for Information Management and Information Technology (IM/IT) necessary to support our evolving supervisory and regulatory activities.</i></p> <ul style="list-style-type: none"> <li>▪ Implemented OSFI's updated IM/IT governance framework and processes.</li> <li>▪ Improved core infrastructure such as: disaster recovery site relocation, server upgrades, and Virtual Private Network (VPN) software upgrade.</li> <li>▪ Launched technology renewals for document and records management; Web site and intranet site, business intelligence tools, desktop software including wireless VPN, and IFRS system enhancements.</li> <li>▪ Improved internal controls in areas such as IT asset management, software testing, and IT Service Management.</li> <li>▪ Started development of a new Pension Plan supervisory system.</li> </ul>		

Priority:	Type:	Strategic Outcome
Changes to International Financial Reporting Standards (IFRS)	Previously committed to	Strategic Outcome 1
<b>Status: Met All</b>		
<p><i>Implement the move to International Financial Reporting Standards (IFRS) in 2011, by assessing the impact on federally regulated financial institutions and pension plans, in order to address its implications for OSFI's prudential regime and regulatory policies.</i></p> <ul style="list-style-type: none"> <li>▪ Completed the project to move to IFRS on time and on budget.</li> <li>▪ Posted final financial and regulatory reporting forms.</li> <li>▪ Posted revised accounting guidelines pursuant to IFRS.</li> <li>▪ Completed necessary IM/IT system changes to accept data changes.</li> <li>▪ Developed IFRS training for OSFI staff.</li> </ul>		

## **Risk Analysis**

### **Enterprise-Wide Risk Management**

The environment within which OSFI operates presents an array of challenges to the achievement of its mandate and objectives. While many of these challenges are consistently present, the extent to which they present a risk to OSFI's objectives varies, depending on economic and financial conditions and the financial industry environment. OSFI's ability to achieve its mandate depends on the timeliness and effectiveness with which it identifies, evaluates, prioritizes, and develops initiatives to address areas where its exposure is greatest.

OSFI's Enterprise Risk Management (ERM) framework divides risks into external and internal categories. The external risk category consists of economic and financial conditions, the financial industry's environment, OSFI's legal environment and catastrophic events. External risks arise from events that OSFI can potentially influence but cannot control, but must be able to monitor and react to in order to mitigate the impact. The internal risk category consists of risks within OSFI's control that can broadly be categorized as people, processes, systems and culture.

### **External Risks**

#### **Economic, Industry and Regulatory Environment**

The Canadian economy continues to recover after a sharp contraction in economic activity that began in the middle of 2008. Indeed, the economic recovery in Canada became more firmly entrenched in 2010, with aggregate output surpassing its pre-recession level, while inflation averaged around 2 per cent during that year. The resumption of growth since the second half of 2009 has been supported by monetary and fiscal stimulus, increased household wealth, improving financial conditions, higher commodity prices, stronger business and consumer confidence, and recovery in Canada's major trading partners.

Looking ahead, key sources of risk to the strength and stability of the Canadian financial system include the following:

- Some Canadian households may not be able to service their debt obligations in an environment of (eventually) rising interest rates.
- Economic growth is likely to remain moderate for some time, and there remains uncertainty about how long it will take for a return to self-sustaining growth in private demand particularly in the United States -- a key influence on the Canadian economy and financial system.<sup>3</sup>
- Further, the effectiveness with which the U.S. government addresses its unsustainable fiscal deficit and debt is important to the sustainability of the American recovery, the smooth functioning of global financial markets, and therefore the well-being of the Canadian economy.

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<sup>3</sup> Private demand includes consumption/investment/net-exports expenditure (e.g., spending/purchases) and excludes government expenditure.

Other considerations are the following.

- There is a growing conviction that at least one of the smaller periphery European economies will need to restructure its debt, which may raise questions about the sustainability of other such countries' debt burdens. The key dynamic associated with Euro sovereign risk is the incidence of the burden of the debt overhang to: the citizens of the indebted periphery countries; citizens of the core Euro countries through transfers; and creditor banks through debt restructuring. This adjustment process could unsettle global financial markets, if, for example, such events led market participants to liquidate assets to meet funding requirements, margin calls, and other related contingencies.
- Continuing adjustments in global exchange rates are necessary to address global imbalances (i.e., large and unsustainable current account imbalances) over time, and this could be associated with volatility in these (and related) markets.

Global financial events require that OSFI, like all financial sector regulators and supervisors, must be in a position to respond effectively to a constantly evolving economic and regulatory environment. On a micro-level, prevailing conditions continue to put pressure on the Capital and Accounting Policy Divisions to provide interpretations or to reassess existing guidance to ensure its effectiveness under stressful and evolving conditions. Specific strategies have been put in place within individual Divisions, consistent with specialized responsibilities and current projects, to address ongoing industry developments. Resources continue to be reassigned and priorities realigned as necessary. Further, OSFI continues to monitor and analyze emerging risks both at the institution and system-wide levels.

#### Capital Adequacy

OSFI continued its assessment and update of the Minimum Continuing Capital and Surplus Requirements (MCCSR) and the Minimum Capital Test (MCT) to reflect lessons learned from the last financial turmoil and to take account of the direction of international efforts such as those of the International Association of Insurance Supervisors (IAIS) to develop new capital guidance. As a first step, changes to the treatment of segregated funds were introduced in late 2010 to ensure the risks of such products are better assessed and better capitalized. The development of the standardized approach also progressed as OSFI conducted quantitative impact studies on market and interest risk. As Canada has been at the forefront of insurance regulation, adjustments to the MCCSR and the MCT are necessary to ensure that Canada's capital rules remain effective and among the international leaders in this field. In 2010-2011, OSFI continued to participate in a number of IAIS initiatives including the development of a Common Assessment Framework for internationally active insurance groups.

Initiatives mandated by the G-20 and the Financial Stability Board, coupled with the market events of 2008-2009, have required more focus on the measurement of risks and their relation to the overall level of capital adequacy. As a result, the Basel Committee on Banking Supervision introduced the so-called Basel III rules text in December of 2010 to strengthen the resilience of the global banking system to future stress. The Basel III rules feature a combination of measures such as introducing standards for liquidity buffers that can be drawn down in periods of stress, strengthening the quality of bank capital, improving the risk coverage of the capital framework and introducing a non-risk based supplementary measure. During 2010-2011, OSFI worked



actively with BCBS regulators and Canadian banks to assess the combined impact of the BCBS proposals and to adjust the initial proposals where necessary to produce the rules text issued in December 2010. As well, OSFI engaged in international dialogues on the merits of Financial Stability Board sponsored initiatives for the use of capital buffers to protect the banking sector from periods of excessive credit growth that are associated with system-wide risk, and participated in the development of such measures. OSFI has worked closely with the Bank of Canada and Department of Finance on these developments to facilitate coordination of their efforts at maintaining the elements of the Canadian system that proved a strength during the financial crisis.

#### Pension Environment

Despite the broad economic recovery that took hold in 2010, some pension plans continue to face funding challenges. While pension plan investments earned generally strong returns in 2010, investment gains were partially offset by the impact of lower long-term interest rates on pension plan liabilities.

To address the risks, OSFI is devoting resources to regulatory and guidance initiatives; is monitoring federally regulated pension plans closely; conducts estimated solvency ratio and other ad-hoc scenario testing; and continues to emphasize the importance of stress testing and funding policy statements for defined benefit pension plans.

#### Internal Risks

##### People

OSFI's success is dependent upon having employees with highly specialized knowledge, skills and experience to regulate and supervise financial institutions, identify significant issues, and perform accurate risk assessments. OSFI's capacity to carry out its plans is challenged as it is being called on to take an increasing leadership role domestically and internationally.

A volatile global economy, increasingly complex products, changes to prudential regulation and emerging risks in the industry also mean that OSFI needs to be able to attract, motivate, develop and retain skilled people, particularly those whose skills are in demand in the financial sector.

A recent significant increase in hiring along with normal turnover and retirements mean that a continuous learning environment is necessary to enable employees to meet the challenges of a constantly changing environment. Not having sufficient skill sets in place can result in an over reliance on certain key resources, which can have stress related implications.

##### Systems

Enabling technology and a robust, secure and well-supported information technology (IT) infrastructure are key success factors to OSFI in meeting its mandate. OSFI must ensure that the necessary information systems and infrastructure are in place to effectively support its supervisory and regulatory activities. The implementation of the IM/IT strategy is underway and is being closely monitored and evaluated.

#### Changes to International Financial Reporting Standards (IFRS)

With most of OSFI's regulated institutions using IFRS this year, key accounting changes proposed by the International Accounting Standards Board (IASB) will impact both our institutions and OSFI. Key changes that we are actively working on or monitoring and communicating with our stakeholders on are accounting for insurance liabilities; off balance sheet vehicles (de-recognition and consolidation); loan impairment; financial instruments; and financial statement presentation. As a reliance-based regulator, it is crucial that OSFI understand and, when practicable, work with the IASB to ensure such changes are representative of the risk of the business of our institutions so that OSFI will continue to be able to perform accurate risk assessments of financial institutions and will be able to adjust its regulatory capital framework as required.

## Summary of Performance

The tables below identify OSFI's financial and human resources, planned and actual, for the 2010-2011 fiscal year.

### 2010-2011 Financial Resources (Millions)

Planned Spending	Total Authorities	Actual Spending
\$109.2	\$109.2	\$105.9

### 2010-2011 Human Resources (Full-Time Equivalents)

Planned	Actual	Difference
543	557	14

OSFI's total 2010-2011 spending of \$105.9 million is \$3.3 million (3.0%) lower than its planned spending of \$109.2 million. The incremental cost of 14 additional full-time equivalents (FTEs) was offset by savings from the deferral of, or project delivery efficiencies gained within major information technology projects; the cessation of OSFI's International Assistance program activity; lower travel costs resulting from the continued judicious management of these costs in light of the government's specific action to limit discretionary spending; and lower training costs due to more in-house facilitation of training and capacity limitations to attend all planned training.

### Strategic Outcome 1: *A safe and sound Canadian financial system.*

A properly functioning financial system is one that consumers and other stakeholders (inside and outside Canada) have a high degree of confidence in and that makes a material contribution to Canada's economic performance. OSFI is the primary regulator and supervisor of all federally registered financial institutions, numbering 431 at March 31, 2011, and some 1,396 federally registered private pension plans. The achievement of OSFI's strategic outcomes, which are shared by partners within government and the private sector, provides an essential foundation for a productive and competitive economy.

OSFI safeguards depositors, policyholders and private pension plan members by enhancing the safety and soundness of federally regulated financial institutions and private pension plans.

Three program activities support this strategic outcome:

1. Regulation and Supervision of Federally Regulated Financial Institutions (FRFIs)
2. Regulation and Supervision of Federally Regulated Private Pension Plans
3. International Assistance<sup>4</sup>

On a triennial basis, OSFI engages an independent organization to conduct the Financial Institutions Survey<sup>5</sup> (FIS), which includes surveying and interviewing Chief Executive Officers,

<sup>4</sup> Effective March 31, 2010, OSFI ceased its International Assistance program activity – refer to *Section II - 1.3 Program Activity: International Assistance* for further information.

Chief Agents, Principal Officers and other senior executives of deposit-taking institutions (banks and trust companies) and insurance companies. The FIS was completed during 2010-2011 and included measuring the performance indicator for Strategic Outcome One. Results indicate a strong majority (92%) of respondents believe OSFI is effective in monitoring and supervising their company / institution.

The table below presents a summary of OSFI's performance during the 2010-2011 fiscal year towards achieving its first strategic outcome.

Strategic Outcome 1: A safe and sound Canadian financial system.		
Performance Indicators	Targets	2010-2011 Performance
Percentage of knowledgeable observers <sup>6</sup> that rate OSFI as somewhat or very effective in monitoring and supervising their institution or pension plan.	70%	A strong majority (92%) of FRFI senior executives believe OSFI is effective in monitoring and supervising their company / institution. <i>Source: Report on Financial Institutions Survey 2010</i> <sup>7</sup>
Percentage of estimated recoveries on failed institutions (amount recovered per dollar of claim).	90%	Total weighted average recoveries were 97% at 2010-2011 year end, which exceeds the set target of 90%. <i>Source: Canada Deposit Insurance Corporation, Agents, Liquidators</i>
Percentage of estimated recoveries on pension plans that have terminated under-funded.	85%	One pension plan terminated under-funded in 2010-2011. The recovery rate for this plan was 94%. <i>Source: Internal data</i>
Percentage of respondents that rate the assistance / presentations provided as relevant to their work.	80%	<i>Last measured in 2009-2010: 88% of respondents rated the assistance / presentations as relevant to their work. Source: Survey of International Advisory Group (IAG) program participants<sup>8</sup> 2009-2010</i>

<sup>5</sup> The Strategic Counsel, an independent research firm, conducted the consultations on OSFI's behalf. In the spring and summer of 2010, 191 Chief Executive Officers, Chief Agents, Principal Officers and other senior executives of deposit-taking institutions (banks and trust companies) and insurance companies (Life, P&C and Fraternal) participated in the study.

<sup>6</sup> Senior Executives, Plan Administrators, and professionals who act on behalf of federally regulated financial institutions and pension plans.

<sup>7</sup> The Strategic Counsel, an independent research firm, conducted the consultations on OSFI's behalf. In the spring and summer of 2010, 191 Chief Executive Officers, Chief Agents, Principal Officers and other senior executives of deposit-taking institutions (banks and trust companies) and insurance companies (Life, P&C and Fraternal) participated in the study. This is a completion rate of approximately 73% of eligible institutions. The identity of respondents was not disclosed to OSFI. The report is available on OSFI's Consultations and Surveys Web page: [http://www.osfi-bsif.gc.ca/osfi/index\\_e.aspx?DetailID=649](http://www.osfi-bsif.gc.ca/osfi/index_e.aspx?DetailID=649)

<sup>8</sup> Surveys were provided to workshop participants when IAG staff were the primary presenters. IAG delivered 30 such workshops in 2009-2010, with 923 participants. A total of 776 surveys were completed, for a response rate of 84%.

The table below presents OSFI's planned and actual spending by program activity for Strategic Outcome 1, and a comparison to actual spending in the previous year.

Program Activity	2009-2010 Actual Spending	2010-2011				<u>Alignment to Government of Canada Outcomes</u>
		Main Estimates	Planned Spending	Total Authorities	Actual Spending	
1.1 Regulation and Supervision of Federally Regulated Financial Institutions	\$52.8	\$54.6	\$54.6	\$54.6	\$55.5	<ul style="list-style-type: none"> <li>Strong economic growth</li> <li>Income security for Canadians</li> <li>A safe and secure world through international co-operation</li> </ul>
1.2 Regulation and Supervision of Federally Regulated Private Pension Plans	\$4.3	\$5.3	\$5.3	\$5.3	\$4.5	
1.3 International Assistance	\$1.7	\$1.6	\$1.6	\$1.6	\$0.4	
<b>Total (millions)</b>	<b>\$58.8</b>	<b>\$61.5</b>	<b>\$61.5</b>	<b>\$61.5</b>	<b>\$60.4</b>	

OSFI's actual spending in 2010-2011 towards its Strategic Outcome 1 was \$60.4 million, \$1.1 million, or 1.8%, lower than planned. The decrease is primarily related to the cessation of the International Assistance program activity and the later than planned start of the development phase in the Risk Assessment System for Pensions (RASP) project. The higher spending in the Regulation and Supervision of Federally Regulated Financial Institutions program activity relates to costs associated with an increase of 7 FTEs. This is partially offset by lower than planned travel and training costs as explained in the opening paragraph under Summary of Performance.

The increase in actual spending of \$1.6 million, or 2.7%, from the previous year is mainly attributed to a growth of 16 FTEs through filling approved vacancies and normal economic and merit increases, offset by savings from the cessation of the International Assistance program activity. The spending of \$0.4 million in 2010-2011 in this program activity relates to the costs to transition its activities to the Toronto International Leadership Centre.

**Strategic Outcome 2: *A financially sound and sustainable Canadian public retirement income system.***

This strategic outcome is supported by the Office of the Chief Actuary (OCA). The OCA is continuously involved in preparing various experience studies and research covering a wide range of social security, demographic and economic issues that may affect the financial status of pension or benefits plans. Some of these studies also serve to support policy makers in developing and analysing various policy options in the context of plan reforms. The information presented in these studies could benefit private sector organizations that evaluate social security or private pension plan schemes.

In 2010-2011, the OCA maintained the tradition of continual improvements to actuarial methods by applying more extensive research and sophisticated methods toward developing actuarial



assumptions, as recommended by the Canada Pension Plan (CPP) Peer Review Panel. These improvements were reflected in the 25<sup>th</sup> CPP Actuarial Report.

The most recent external peer review was completed in March 2011. The external peer review panel's report received in March 2011 states that the 25<sup>th</sup> Actuarial Report meets all professional standards of practice and statutory requirements. The achievement of OSFI's second strategic outcome provides an essential contribution to income security for Canadians.

The table below presents a summary of OSFI's performance during the 2010-2011 fiscal year towards achieving its Strategic Outcome 2.

<b>Strategic Outcome 2: A financially sound and sustainable Canadian public retirement income system.</b>		
<b>Performance Indicators</b>	<b>Targets</b>	<b>2010-2011 Performance</b>
Panel of Canadian peer actuaries selected by an international and independent body attest that the Chief Actuary and staff have adequate professional experience, complete work in compliance with professional standards and statutory requirements, access adequate information and complete relevant data tests and analysis, use reasonable methods and assumptions in completing actuarial reports and that these reports fairly communicate the results of the work performed.	Unanimous agreement amongst peers	The external peer review panel's findings received in March 2011 show there is unanimous agreement that the Chief Actuary and staff have adequate professional experience, complete work in compliance with professional standards and statutory requirements, access adequate information and complete relevant data tests and analysis, use reasonable methods and assumptions in completing actuarial reports and that the 25 <sup>th</sup> Actuarial Report on the Canada Pension Plan (CPP) fairly communicates the results of the work performed by the Chief Actuary and his staff.  <i>Source: Review of the Twenty-Fifth Actuarial Report on the Canada Pension Plan dated 16 March 2011, conducted by the CPP Actuarial Review Panel.</i>
Adequacy of professional experience of the Chief Actuary and staff. <i>AND/OR</i> Compliance with Canadian and international professional standards.	Unanimous agreement amongst peers  Unanimous agreement amongst peers	The external peer review panel's findings received in March 2011 were that the 25 <sup>th</sup> Actuarial Report on the Canada Pension Plan complies with all relevant professional standards of practice and statutory requirements, and that the professional experience of the Chief Actuary and his staff who worked on this report meets the high standard required for this work.  <i>Source: Review of the Twenty-Fifth Actuarial Report on the Canada Pension Plan dated 16 March 2011, conducted by the CPP Actuarial Review Panel.</i>

The table below presents OSFI's planned and actual spending by program activity for Strategic Outcome 2, and a comparison to actual spending in the previous year.

Program Activity	2009-2010 Actual Spending	2010-2011				<u>Alignment to Government of Canada Outcomes</u>
		Main Estimates	Planned Spending	Total Authorities	Actual Spending	
2.1 Actuarial Valuation and Advisory Services	\$4.2	\$4.3	\$4.3	\$4.3	\$4.2	■ Income security for Canadians
<b>Total (Millions)</b>	\$4.2	\$4.3	\$4.3	\$4.3	\$4.2	

OSFI's actual spending in 2010-2011 towards its Strategic Outcome 2 was \$4.2 million, which is \$0.1 million or 2.3%, lower than planned. The variance is mainly due to lower human resources costs resulting from vacancies during the year. Year-over-year expenditures are flat as the increase in human resources costs, largely related to normal economic and merit increases, are offset by a reduction in capital spending for computer equipment.

Program Activity supporting both Strategic Outcomes: Internal Services						
Program Activity	2009-2010 Actual Spending	2010-11				<u>Alignment to Government of Canada Outcomes</u>
		Main Estimates	Planned Spending	Total Authorities	Actual Spending	
Internal Services	\$37.9	\$43.4	\$43.4	\$43.4	\$41.3	N/A
<b>Total (millions)</b>	\$37.9	\$43.4	\$43.4	\$43.4	\$41.3	

OSFI's actual spending in 2010-2011 for Internal Services was \$41.3 million, which is \$2.1 million, or 4.8%, lower than planned. The variance is largely due to savings from the deferral of major information technology projects as explained in the opening paragraph under Summary of Performance.

The increase in actual spending of \$3.4 million, or 9.0%, from the previous year is attributed to an increase of 11 FTEs from the filling of approved vacancies and the full year impact of new resources hired in the previous year to enhance the Corporate Services Sector so as to support the significant growth in OSFI's supervisory and regulatory staff complements in the past few years; normal economic and merit increases; and by an increase in IM/IT Consulting Costs associated with the initial phase of the implementation of the approved IM/IT Strategy.

## Expenditure Profile

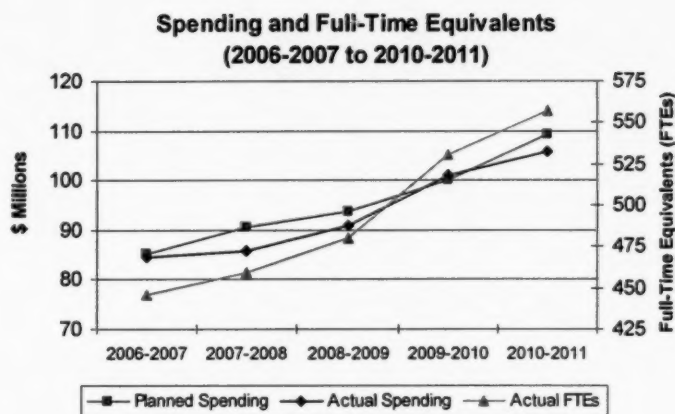
The “Spending and Full-Time Equivalents” table presents a five year trend of OSFI’s planned and actual spending, and actual FTEs. OSFI’s human resources costs typically account for approximately 75% of its spending, which explains the correlation between the spending and FTE trend lines. During 2007-2008, OSFI increased its FTEs by 2.9% from the previous year in order to direct more resources

on enhanced identification of emerging risks and on monitoring institutional and market resilience in response to the prevailing global economic and financial market events. OSFI further increased its staff complement by 4.6% in 2008-2009 by hiring employees with special knowledge of credit, market and operational risks to focus more effort on higher risk institutions and products, and the early detection of problem loan portfolios. In 2009-2010, OSFI’s FTEs increased by 10.4% driven by the full year impact of new resources hired during the previous year and due to new positions added to enhance the Corporate Services Sector to support the significant growth in staff complement in the past few years. In 2010-2011, OSFI increased its regulatory resources to support the need for new and more sophisticated risk-sensitive liquidity, leverage and capital rules, to enhance its specialization in the Life and P&C industries and to fulfill its international commitments. This resulted in a further 5.1% growth in its FTEs.

OSFI’s total actual spending rose by 1.4% in 2007-2008 and by 5.9% in 2008-2009. During this period, OSFI completed several major enabling technology projects in support of information management, Basel II, enhanced reporting and analytics (business intelligence), and commenced in 2006-2007 the first phase of its Pensions Processes and Systems Renewal Initiative. The first phase was largely completed during 2008-2009. The second phase of this project began in 2009-2010 and is expected to be completed early 2012-2013. Total spending in 2009-2010 increased by 11.2% over the prior year. The increase is attributed to a 10.4% increase in FTEs, normal economic and merit increases in employee compensation and the 15-basis-point increase in the Employee Benefit Plan rate as prescribed by TBS. In 2010-2011, OSFI’s expenses grew by 4.9% largely due to the full year impact of the additional resources added in 2009-2010 and higher IM/IT Costs associated with the implementation of OSFI’s approved IM/IT Strategy.

## Estimates by Vote

For information on our organizational votes and/or statutory expenditures, please see the 2010-11 Public Accounts of Canada (Volume II) publication. An electronic version of the Public Accounts is available at <http://www.tpsgc-pwgsc.gc.ca/recgen/txt/72-eng.html>.





## SECTION II: ANALYSIS OF PROGRAM ACTIVITIES BY STRATEGIC OUTCOME

### Strategic Outcome 1

*A safe and sound Canadian financial system.*

#### 1.1 Program Activity: Regulation and Supervision of Federally Regulated Financial Institutions

This program involves regulating and supervising FRFIs to determine whether they are in sound financial condition and are complying with their governing law and supervisory requirements; monitoring the financial and economic environment to identify issues that may impact these institutions negatively; and intervening in a timely manner to protect depositors and policyholders from undue loss, while recognizing that management and boards of directors are ultimately responsible, and that financial institutions can fail.

Costs for this program are recovered through base assessments and user fees and charges paid by the FRFIs covered under the *Bank Act*, *Trust and Loan Companies Act*, *Insurance Companies Act* and *Cooperative Credit Associations Act*. OSFI also receives revenues for cost-recovered services to provinces, for which it provides supervision of their institutions on a fee for service basis.

This program has three sub-activities:

1. **Risk Assessment and Intervention:** This program involves the administration and application of an effective supervisory process to assess the safety and soundness of regulated financial institutions by evaluating an institution's risk profile, financial condition, risk management processes, and compliance with applicable laws and regulations. This program includes activities to monitor and supervise financial institutions; monitor the financial and economic environment to identify emerging issues; and intervene by exercising supervisory powers to take, or require management or boards to take, necessary corrective measures in a timely manner to protect depositors and policy holders, while recognizing that all failures cannot be prevented.
2. **Regulation and Guidance:** This program involves advancing and administering a regulatory framework of rules and guidance that promotes the adoption by regulated financial institutions of sound risk management practices, policies and procedures designed to plan, direct and control the impact on the institution of risks arising from its operations. This program encompasses the issuance of regulations and guidance, input into federal legislation and regulations affecting financial institutions; contributions to accounting, auditing and actuarial standards; and involvement in a number of international regulatory activities.

3. **Approvals and Precedents:** Federally regulated financial institutions are required to seek regulatory approval for certain types of transactions. This program: evaluates and processes applications for regulatory consent; establishes positions on the interpretation and application of the federal financial institutions legislation, regulations and guidance; identifies precedential transactions that may raise policy or precedent-setting issues and develops recommendations that recognize the need to allow institutions to compete effectively while undertaking reasonable risks that do not unduly impact OSFI's primary stakeholders, the policyholders and depositors of FRFIs.

Sub-Activity	2010-2011 Financial Resources (\$ millions)		
	Planned Spending	Total Authorities	Actual Spending
Risk Assessment and Intervention	\$37.6	\$37.6	\$38.5
Regulation and Guidance	\$11.9	\$11.9	\$12.0
Approvals and Precedents	\$5.1	\$5.1	\$5.0
<b>Total</b>	<b>\$54.6</b>	<b>\$54.6</b>	<b>\$55.5</b>

Sub-Activity	2010-2011 Human Resources (FTEs)		
	Planned	Actual	Difference
Risk Assessment and Intervention	237	243	6
Regulation and Guidance	62	66	4
Approvals and Precedents	29	26	(3)
<b>Total</b>	<b>328</b>	<b>335</b>	<b>7</b>

The related expected results, performance indicators, targets, and performance status for the three interrelated activities in this program activity are identified in the summary on the next page.

Program Activity 1.1: Regulation and Supervision of Federally Regulated Financial Institutions			
Expected Results	Performance Indicators	Targets	Performance Status
Protect depositors and policyholders while recognizing that all failures cannot be prevented.	Percentage of estimated recoveries on failed institutions <sup>9</sup> (amount recovered per dollar of claim) <i>Source: Canada Deposit Insurance Corporation, Agents, Liquidators</i>	90%	Exceeded Total weighted average recoveries were 97% at 2010-2011 year end.

<sup>9</sup> This measure is a proxy for whether OSFI intervened early enough to prevent undue loss to depositors and/or policyholders. Estimated recovery is the amount on the dollar per claim each policyholder or depositor would receive upon the completion of the liquidation. Expectation > \$0.90.

**Program Activity 1.1: Regulation and Supervision of Federally Regulated Financial Institutions**

Expected Results	Performance Indicators	Targets	Performance Status
<b>Sub-Activity 1.1.1: Risk Assessment and Intervention</b>			
Accurate risk assessments.	Percentage of knowledgeable observers who agree that their institution's Composite Risk Rating is appropriate. <i>Source: Report on Financial Institutions Survey 2010</i>	70%	Exceeded 91% of FRFI senior executives believe that their company / institution's Composite Risk Rating is appropriate.
Timely and effective intervention and feedback.	Time to issue Supervisory Letter (within prescribed target days) <i>Source: Internal</i>	80% (of letters are issued within 45 days)	Mostly Met 77% of supervisory letters were issued within the 45-day standard in 2010-2011, a slight improvement over the previous year at 76%.
<b>Sub-Activity 1.1.2: Regulation and Guidance</b>			
Regulations, guidelines and other rules that balance prudential considerations and the need for institutions to compete.	Percentage of knowledgeable observers who rate OSFI as good or very good at developing regulations, guidelines and other rules that strike an appropriate balance between prudential considerations and the need for institutions to compete. <i>Source: Report on Financial Institutions Survey 2010</i>	50%	Exceeded 67% of FRFI senior executives rate OSFI as good or very good at developing regulations and guidance that strike an appropriate balance between prudential considerations and the need for institutions to compete.
Regulations, guidelines and other rules which are clear and scrutinized by industry.	Percentage of knowledgeable observers who rate OSFI's guidance as somewhat or very effective in providing an indication of OSFI's expectation. <i>AND/OR</i> Percentage of knowledgeable observers who rate OSFI as good or very good at consulting with industry on the development of regulations, guidelines and other rules. <i>Source for both: Report on Financial Institutions Survey 2010</i>	75%	Exceeded 89% of FRFI senior executives rate OSFI as somewhat effective or better on how effective its guidance is in providing an indication of OSFI's expectations.
		60%	Exceeded 77% of FRFI senior executives rate OSFI as good or very good at consulting with the financial services industry when developing regulations and guidelines.
<b>Sub-Activity 1.1.3: Approvals and Precedents</b>			
Prudentially sound decisions which are transparent.	Percentage of knowledgeable observers who understand somewhat or very well the basis upon which OSFI makes its decisions as part of the approval process. <i>Source: Report on Financial Institutions Survey 2010</i>	85%	Met All 85% of FRFI senior executives understand somewhat or very well the basis upon which OSFI makes decisions.
Regulatory approvals which are timely.	Percentage of completed applications for regulatory approvals that are processed within established performance standards.	90%	Exceeded 98% of approvals subject to the deeming provision were processed prior to the date on which they would

### Program Activity 1.1: Regulation and Supervision of Federally Regulated Financial Institutions

Expected Results	Performance Indicators	Targets	Performance Status
	<i>Source: Internal</i>		have been deemed approved. All other performance standards established under the <i>User Fee Act</i> and the <i>Policy on Service Standards for External Fees</i> were met or exceeded in the year under review.

### Performance Summary and Analysis of Program Activity

#### Risk Assessment and Intervention

Throughout 2010-2011, OSFI continued to exercise a heightened level of monitoring and scrutiny of financial institutions and markets, while taking into account the ongoing economic recovery, especially in Canada. We updated our Supervisory Framework, strengthened the design and application of supervisory processes, and targeted cross-sector reviews in areas identified as high risk, including corporate governance and stress testing.

OSFI continued to collaborate with international and domestic partners to develop and implement improved risk management and supervisory practices as follows:

- enhanced collaboration with the Bank of Canada and the Department of Finance on analysis of macroeconomic and systemic risk issues.
- worked with various domestic partners on the Financial Institutions Supervisory Committee (FISC - the Bank of Canada, the Department of Finance, the Canada Deposit Insurance Corporation, and the Financial Consumer Agency of Canada) to review lessons learned, and to discuss and coordinate issues related to the oversight of the financial sector.
- continued its active participation in international forums: Basel Committee on Banking Supervision (BCBS), the Financial Stability Board (FSB), the International Association of Insurance Supervisors (IAIS) and the Senior Supervisors Group.

OSFI also:

- updated its risk-based Supervisory Framework (introduced in 1999) to reflect changes in risks and risk management practices of financial institutions, developments in international regulation and supervision, as well as "lessons learned" through day-to-day experience applying the framework.
- continued to be concerned about systemic risk in the global economy, as the risks prevalent in the global credit markets since 2007 have not subsided; rather, they have been transferred from the private to the public sector, as further evidenced by concerns over exposure to sovereign indebtedness.
- employed an Internal Capital Adequacy Assessment Program (ICAAP), stress testing and other related risk measurement processes to further enhance capital adequacy monitoring.
- continued to monitor and provide guidance to the Life Insurance industry on risk mitigation strategies, specifically, OSFI asked a selected number of life insurers and life reinsurers, representing over 98% of the Canadian life insurance industry, to complete stress tests based on standardized scenarios. OSFI reviewed the results of the exercise, shared the aggregate

results with industry, and is using them to determine if there are any significant changes in the risk profile of each life insurer.

- took steps to improve the breadth and depth of analysis supporting the Emerging Risk Committee (ERC). OSFI's ERC strengthens early identification and tracking of developments or events that might have a serious impact on, or indicate a future hazard for, FRFIs.
- held annual risk management sessions with various industry segments (DTIs, life insurance, and P&C insurance companies) to reinforce the need for strong risk management and to share lessons learned.
- hosted a Colleges of Supervisors for two of Canada's largest banks, in line with Financial Stability Board recommendations, which brought together executives from each bank with supervisors from several jurisdictions where they do business. OSFI also hosted the first such college for a large life insurance company.
- worked closely with the banking industry to evaluate their preparedness for the 2011 International Financial Reporting Standards (IFRS) transition and the potential impacts.

#### Regulation and Guidance

During 2010-2011, OSFI continued to promote sound risk management practices through its regulation and guidance activities. Evidence of the results of robust risk management can be found in the World Economic Forum's ranking of Canada's banking system<sup>10</sup> as the soundest for the third year in a row.

OSFI played a key role in encouraging the development of international rules that balance safety and soundness with the need for financial institutions to be able to compete effectively and on a level playing field. Specifically, OSFI:

- strengthened relationships with foreign supervisors by participating in international rule-making discussions, participating in and hosting several international supervisory colleges, and developing information-sharing agreements with a number of host-country supervisory authorities that regulate significant foreign operations of Canadian banks and insurers.
- participated in the development of International Accounting Standards Board (IASB) and Basel Committee comment letters to, and discussions with, the IASB and International Auditing and Assurance Standards Board (IAASB) on key accounting and auditing standard setting initiatives.
- contributed to the development of IAIS standards and guidance papers.
- continued its involvement with a number of other international groups, including the Integrated Financial Supervisors, Association of Supervisors of Banks of the Americas, and International Actuarial Association.
- worked actively with Basel Committee on Banking Supervision (BCBS) members to develop and issue new rules for sound risk management and capital regulation, including proposing a loan provisioning model.
- continued its active membership in the Joint Forum, including participation in the work stream to revise the 1999 Joint Forum principles for the supervision of financial conglomerates.
- monitored the Financial Stability Board (FSB) disclosure requirements of Canadian banks, and found they continue to comply in all material respects with disclosure requirements as they become effective.

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<sup>10</sup> See "World Economic Forum Ranks Canadian Banks Soundest in the World for the Third Consecutive Year" at the following link: <http://www.fin.gc.ca/n10/10-078-eng.asp>



With respect to capital adequacy, OSFI:

- released three Advisories, one Guideline and an implementation letter related to the measurement of capital and capital adequacy of banks and trust and loan companies.
- undertook its annual update of the Minimum Continuing Capital and Surplus Requirements (MCCSR) guideline and an update of the Minimum Capital Test (MCT) guideline during 2010, with the revised version coming into effect for the 2011 fiscal year. Many of the updates were necessary due to the introduction of International Financial Reporting Standards (IFRS), for which a phase-in period of two years was provided.
- continued discussions with the life insurance industry on how to update the existing approach to measuring life insurance regulatory capital requirements.
- continued developing a new capital framework for its standardized MCT approach with the objective of improving the fairness, effectiveness and efficiency of the MCT/BAAT (Branch Adequacy of Assets Test).

OSFI also:

- participated in the Government of Canada's September 2010 launch of its legislative review through submitting a number of proposals regarding amendments to the statutes and associated regulations. OSFI also worked closely with the Department of Finance in the review and analysis of proposals submitted by various financial industry stakeholders.
- collaborated with the Canadian Auditing and Assurance Standards Board (AASB), and participated in a Canadian Institute of Chartered Accountants/Canadian Institute of Actuaries Joint Task Force to review auditing guidelines. OSFI is also a non-voting member of the Auditing and Assurance Standards Oversight Council, which oversees the activities of the AASB.
- issued updated accounting guidelines to reflect the adoption of IFRS.
- continued to work towards implementation of policies outlined in the *Reforming OSFI's Regulatory and Supervisory Regime for Reinsurance* paper (released in March 2010), which will provide the insurance industry with added flexibility, particularly in the area of limits on unregistered reinsurance.
- continued to play an active role in the Financial Action Task Force (FATF) review and identification of improvements to its AML/ATF standards.
- focused its AML/ATF supervisory assessment program principally on smaller financial institutions, while doing regular follow up at some conglomerate institutions. We continued to identify issues related to financial institutions' ability to identify high risk customers, and apply enhanced scrutiny to them and their activities. Where necessary, OSFI intervened to ensure that institutions improved their controls and addressed weaknesses and deficiencies. OSFI continued to share assessment findings with the Financial Transactions and Reports Analysis Centre of Canada (FINTRAC) under its joint Memorandum of Understanding. OSFI also intensified its review of AML/ATF programs planned by those applying to establish new FRFIs.

#### Approvals and Precedents

In keeping with OSFI's and the Government of Canada's commitment to enhance accountability and transparency relating to services provided, OSFI has performance standards establishing

time frames for processing applications for regulatory approval and for other services. In 2010-2011, OSFI met or exceeded all of these standards.

OSFI also:

- continued to make every effort to ensure applicants were not impeded from following viable business strategies, and that requests for regulatory approvals were processed on a consistent and timely basis.
- processed 209 applications involving 284 approvals (individual applications often contain multiple approval requests), of which 25% were Ministerial approvals. Of the 209 applications, 192 were approved and 17 were withdrawn at the request of the applicant. This represents a 30% decrease in applications over the previous year where 297 applications involving 523 approvals were processed.

### **Lessons Learned**

OSFI conducts rotating consultations with key stakeholders in various industry sectors, which allow OSFI to assess its effectiveness and fulfill its commitment to continuous improvement. During 2010-2011, a confidential consultation with life insurance companies and a survey of senior executives of federally regulated financial institutions were conducted to explore industry perceptions of OSFI's performance. Findings from these two studies can be found at [http://www.osfi-bsif.gc.ca/osfi/index\\_e.aspx?DetailID=649](http://www.osfi-bsif.gc.ca/osfi/index_e.aspx?DetailID=649)

### **Risk Assessment and Intervention**

The global banking situation highlighted the key role that liquidity plays in the overall safety and soundness of FRFIs. As a result, OSFI intensified its assessments of liquidity by considering the level, risk, and management processes for liquidity at FRFIs. This is described in OSFI's Supervisory Framework which was updated in February 2011.

FRFIs' Boards of Directors ultimately determine the risk appetite of an organization. Hence, Corporate Governance reviews continue to be an important component of our work, to ensure, among other things, that the Board receives appropriate information about the risks taken in the FRFI and approves the policies for the organization at the appropriate level.

### **Regulation and Guidance**

A key lesson from the financial crisis was that better risk assessment and supervision cannot be one-off exercises but rather have to be ongoing efforts. One challenge for OSFI is to address continuous improvements to prudential regulatory and supervisory approaches while not imposing changes at such a fast pace that the industries cannot properly internalize the changes and adjust their practices and, as a result, adjust to the new requirements with a narrow compliance objective. Through discussion and consultations with industry, OSFI has been conveying the message that financial institutions must take more ownership of the assessment of their risks and develop appropriate risk mitigation strategies.

OSFI continues to find that significant changes to accounting standards require early involvement and close consultation and communication with standard setters, other regulators and both international and domestic industry. Thus OSFI will continue to proactively work with all stakeholders as key accounting standards are developed.

### Approvals and Precedents

As a result of the financial crisis, the international community is moving to a tighter regulatory environment to enhance the safety and resilience of both the domestic and global financial systems. While new prudential requirements are being developed and implemented, OSFI continues to adopt a prudent approach when analysing requests for regulatory approvals by measuring the impact that new capital, accounting or other regulatory requirements might have on the applicant's business. Nonetheless, in 2010-2011, OSFI continued to make every effort to ensure applicants were not impeded from following viable business strategies, and that requests for regulatory approvals were processed on a consistent and timely basis.

## **1.2 Program Activity: Regulation and Supervision of Federally Regulated Private Pension Plans**

This program involves regulating and supervising federally regulated private pension plans to determine whether they are meeting minimum plan funding requirements and are complying with their governing law and supervisory requirements. This program provides risk assessments of pension plans covering employees in federally regulated areas of employment; timely and effective intervention and feedback to protect the financial interests of plan members and beneficiaries from undue loss, while recognizing that plan administrators are ultimately responsible, and that plans can fail; a balanced relevant regulatory framework; and a prudentially effective and responsive approvals process. This program incorporates risk assessment and intervention, regulation and guidance, and approvals and precedents related to federally regulated private pension plans under the *Pension Benefits Standards Act*, 1985. The costs for this program are recovered from pension plan fees based on the number of members in each federally regulated pension plan.

2010-2011 Financial Resources (\$ millions)		
Planned Spending	Total Authorities	Actual Spending
\$5.3	\$5.3	\$4.5

2010-2011 Human Resources (FTEs)		
Planned	Actual	Difference
27	29	2

The under spending of \$0.8 million is primarily due to the later than planned start of the development phase of the new RASP project, as explained in the "Summary of Performance" section of this report.



The related expected results, performance indicators, targets, and performance status for this program activity are identified in the summary below.

Program Activity 1.2: Regulation and supervision of federally regulated private pension plans			
Expected Results	Performance Indicators	Targets	Performance Status
Protect the financial interests of federally regulated private pension plan members and beneficiaries.	Percentage of estimated recoveries on pension plans that have terminated under-funded. <i>Source: Internal Data</i>	85%	Exceeded One pension plan terminated under-funded in 2010-2011. The recovery rate for this plan was 94%.
Regulations, guidelines and other rules which are clear and balanced.	<i>The description of this indicator was changed effective 2010-2011 to the following:</i> Percentage of knowledgeable observers that rate OSFI's guidance as somewhat or very effective in providing an indication of OSFI's expectation. <i>AND/OR</i>	75%	Mostly Met <i>The previous indicator was last measured in 2008-2009: 60% of plan administrators rate OSFI as being good or better at developing regulations, guidelines and other rules that are clear and easy to understand.</i>
	Percentage of knowledgeable observers who rate OSFI as being good or very good at developing regulations, guidelines and other rules that strike an appropriate balance between interests of plan sponsors and plan members. <i>Source for both: Pension Plans Survey 2009<sup>11</sup></i>	50%	Exceeded <i>Last measured in 2008-2009: 61% of plan administrators rate OSFI as good or better.</i>
Regulatory approvals which are timely and transparent.	<i>The description of this indicator was changed effective 2010-2011 to the following:</i> Percentage of knowledgeable observers that understand somewhat or very well the basis upon which OSFI makes its decisions as part of the approval process. <i>Source: Next Pension Plans Survey in 2011/2012</i> <i>AND/OR</i>	60%	Exceeded <i>The previous indicator was last measured in 2008-2009: 61% of plan administrators rate OSFI as being good or better at its transparency, that is, the rationale for OSFI's recommendations and decisions of the Pensions Approvals process.</i>
	Percentage of completed applications for regulatory approvals that are processed within established benchmarks. <i>Source: Internal</i>	90%	Exceeded 97% of approval applications were processed within benchmarks in 2010-2011.

<sup>11</sup> OSFI provided TNS Canadian Facts/The Antima Group, an independent research firm, with a list of administrators and professionals of the federally regulated private pension plans it regulates. The research firm invited the administrators and professionals to participate in either an online or a telephone survey-247 pension plan administrators and 30 professionals participated resulting in a response rate of 34.7%. OSFI does not know which administrators or professionals participated. The report is available at [http://www.osfi-bsif.gc.ca/osfi/index\\_e.aspx?DetailID=649](http://www.osfi-bsif.gc.ca/osfi/index_e.aspx?DetailID=649).

## Performance Summary and Analysis of Program Activity

### Risk Assessment, Supervision and Intervention

The main pillars of OSFI's risk assessment framework for pension plans are: tiered risk indicators, solvency testing, on-site examinations, the watch list, use of intervention powers and ad hoc reviews. OSFI:

- continued to encourage plan administrators to remain vigilant about using techniques to manage risks to their pension plans, including stress testing. In March 2011 OSFI published a Draft Stress Testing Guideline for Plans with Defined Benefit Provisions.
- identified potential problems in defined benefit pension plans through semi-annual estimated solvency ratio exercise,
- continued to monitor carefully the condition of private pension plans and, to the extent possible, that of their sponsors, and intervened when necessary to protect promised benefits.
- continued to modernize the tools it uses to monitor and supervise pension plans. In particular, the initiative to upgrade the pension supervisory systems that support OSFI's risk assessment framework is in development and will be implemented over the next two years.
- performed a number of on-site examinations. OSFI continued to focus on governance, risk management and disclosure to members — all areas that have generally been identified as requiring more attention from plan administrators.
- intervened when necessary, including taking measures to enforce minimum funding requirements, ensuring timely remittance of contributions, and restricting portability of benefits in order to stop the impairment of the pension fund.

### Regulation and Guidance

OSFI:

- worked closely with Government of Canada officials to support the implementation of legislative changes to the *Pension Benefits Standards Act, 1985* (PBSA) and to develop the necessary amendments to regulations.
- continued to publish policy advisories, guidance and directives and to review and update previously published documents.
- continued to promote responsible pension plan governance and actuarial practices by working closely with the Canadian Institute of Actuaries and the Canadian Association of Pension Supervisory Authorities (CAPSA).

### Approvals and Precedents

OSFI continued to improve timeliness of pension approvals while ensuring complex transactions are carefully considered. In addition, the number of transactions requiring the Superintendent's approval has decreased compared to the previous year. OSFI processed 88 applications for approval and received 72 new requests, compared to 153 processed applications and 130 new requests in 2009-2010. As a result, OSFI has cut the number of outstanding requests for approval by 36% in 2010-2011.

OSFI also published an updated approval instruction guide to the pension industry on asset transfers related to defined benefit plans.

## Lessons Learned

The lessons learned from the 2008 financial crisis remain relevant for pension plans today. Economic growth has resumed but uncertainties remain and solvency positions have not returned to pre-crisis levels.

The past year saw a modest improvement in the financial position of private defined benefit pension plans and significant progress in implementing the federal government's reforms aimed at enhancing the security of pension benefits and helping pension plans cope with market volatility.

While pension plan investments earned generally strong returns in 2010, investment gains were partially offset by the impact of lower long-term interest rates on pension plan liabilities.

Despite the broad economic recovery that took hold in 2010, some pension plans continue to face funding challenges.

OSFI continues to emphasize the importance of effective risk management by pension plan administrators.

### 1.3 Program Activity: International Assistance

This program incorporates activities related to providing assistance to selected developing and emerging market economies to improve their supervisory systems in line with international banking and insurance supervisory standards, thereby enhancing the stability of the global financial system. In order to achieve efficiency and economy in program delivery and training of supervisors from many different jurisdictions, this program also collaborates with a number of regional banking and insurance associations and other technical assistance providers such as the Financial Stability Institute. The costs for this program are recovered via Memoranda of Understanding between OSFI and the Canadian International Development Agency.

2010-2011 Financial Resources (\$ millions)		
Planned Spending	Total Authorities	Actual Spending
\$1.6	\$1.6	\$0.4

2010-2011 Human Resources (FTEs)		
Planned	Actual	Difference
5	2	(3)

### Performance Summary and Analysis of Program Activity

Effective March 31, 2010, OSFI ceased its International Assistance program activity, which provided technical assistance to supervisory systems in emerging market economies. The Canadian International Development Agency (CIDA) has continued the program in partnership with the Toronto International Leadership Centre for Financial Sector Supervision.

OSFI's Program Activity Architecture was modified, effective the 2012-2013 planning and reporting cycle, to reflect the elimination of this program activity, through an annual update process coordinated by the Treasury Board Secretariat.

**Lessons Learned**

Not applicable - see performance summary above.

## Strategic Outcome 2

*A financially sound and sustainable Canadian public retirement income system.*

### 2.1 Program Activity: Actuarial Valuation and Advisory Services

The federal government and the provinces, through the CPP, public sector pension arrangements and other social programs have made commitments to Canadians and have taken on emanated responsibility for the financing of these commitments. Some are long-term and it is important that decision-makers, Parliamentarians and the public understand these and the inherent risks. This program plays a vital and independent role in this process. It provides checks and balances on the future costs of the different pension plans under its responsibilities.

This program provides a range of actuarial services, under legislation, to the CPP and some federal government departments. It conducts statutory actuarial valuations of the CPP, Old Age Security (OAS) and Canada Student Loans Program (CSLP), and pension and benefits plans covering the Federal Public Service, the Canadian Forces, the Royal Canadian Mounted Police (RCMP), federally appointed judges, and Members of Parliament.

The OCA is funded by fees charged for its actuarial valuation and advisory services and by an annual parliamentary appropriation.

2010-2011 Financial Resources (\$ millions)		
Planned Spending	Total Authorities	Actual Spending
\$4.3	\$4.3	\$4.2

2010-2011 Human Resources (FTEs)		
Planned	Actual	Difference
31	29	(2)

Program Activity 2.1 is supported by three distinct Sub-Activities: CPP and OAS, Public Pension Plans, and Canada Student Loans. The related expected results, performance indicators, targets, and performance status are identified in the summary table below.

Program Activity 2.1: Actuarial Valuation and Advisory Services			
Expected Results	Performance Indicators	Targets	Performance Status
Stewards of Canada's public retirement income system are provided with independent, accurate, high quality and timely professional actuarial services and advice.	Adequacy of professional experience of the Chief Actuary and staff.	Unanimous agreement amongst peers*	Met All
	AND/OR Compliance with Canadian and	Unanimous agreement	Met All The external peer review panel's findings received in March 2011 reports that work on the

# Program Activity 2.1: Actuarial Valuation and Advisory Services

Expected Results	Performance Indicators	Targets	Performance Status
	international professional standards.	amongst peers*	25 <sup>th</sup> Actuarial Report on the Canada Pension Plan complies with all relevant professional standards of practice and statutory requirements, and that the Chief Actuary and his staff have adequate professional experience.
<b>Sub-Activity 2.1.1: Canada Pension Plan and Old Age Security</b>			
Accurate and high quality actuarial valuations inform CPP and OAS stakeholders and Canadians of the current and projected financial status of the Plan and Program.	Reviews are comprehensive (methods, assumptions, analysis). AND/OR Percentage of the recommendations within the scope and influence of the OCA that are implemented before the next peer review.	Unanimous agreement amongst peers*  80%	Met All  Met All The external peer review of the 25 <sup>th</sup> CPP Report received in March 2011 found the reviews are comprehensive. <sup>12</sup> The OCA has begun implementing external peer review's recommendations and plans to complete 80% by the next independent peer review scheduled for 2013-2014.
CPP and OAS Triennial Actuarial Reports	Timeliness of tabling in Parliament of Reports on CPP & OAS.	100% by the deadline	CPP: Met All OAS: 2010-2011 – N/A 2009-2010 – N/A 2008-2009 – Met All The last CPP triennial review was tabled on 15 November 2010, prior to the deadline of December 31, 2010. The OAS report as at December 31, 2006 was tabled in Parliament on June 17, 2008 prior to the deadline of June 30, 2008.
<b>Sub-Activity 2.1.2: Public Pension Plans</b>			
Accurate and high quality actuarial valuations of Public Pension and Insurance Plans provided to departments to inform design, funding and administration of plans.	Reviews are comprehensive (methods, assumptions, analysis). AND/OR Actuarial opinion is appropriate.	Unanimous agreement amongst peers*  Unanimous agreement amongst peers*	Met All  Met All The Office of the Auditor General (OAG) draft report received in September 2010 found that the reviews are comprehensive.
Public Sector Triennial Actuarial Reports	Timeliness of tabling in Parliament of Reports on Public Pension Plans.	100% by the deadline	Met All The Actuarial Report on the Pension Plan for Federally Appointed Judges as at 31 March 2010 was tabled in Parliament on time.

<sup>12</sup> The OCA is required by law to produce an actuarial report on the CPP every three years, and the CPP Peer Review is also conducted triennially. The most recent review was completed March 2011, and the next CPP actuarial report will be published in 2013, with the independent peer review scheduled for 2013-2014.



Program Activity 2.1: Actuarial Valuation and Advisory Services			
Expected Results	Performance Indicators	Targets	Performance Status
<b>Sub-Activity 2.1.3: Canada Student Loans</b>			
Accurate and high quality actuarial valuations of the CSLP inform the Department of Human Resources and Skills Development Canada (HRSDC) of the future costs and provision rates of the program.	Actuarial valuations of the CSLP are comprehensive (accurate, high quality) and informative of future costs and provision rates of the program.	Annual renewal of the MOU with HRSDC	Met All Since 2009, the OCA is the mandatory service provider for actuarial valuations of the program as per section 19.1 of the <i>Canada Student Financial Assistance Act</i> .
Actuarial Report on the CSLP	Timeliness of tabling in Parliament of Reports on Canada Student Loans.	100% by the deadline set by HRSDC	Met All The Actuarial Report on the CSLP as at 31 July 2009 was tabled by the deadline.
*Independently selected panel of peers.			

## Performance Summary and Analysis of Program Activity

### Tabling of the 25<sup>th</sup> Actuarial Report on the Canada Pension Plan

The OCA is required by law to produce an actuarial report on the Canada Pension Plan every three years. The 25<sup>th</sup> Actuarial Report on the CPP as at December 31, 2009<sup>13</sup> was tabled before Parliament on November 15, 2010. Prepared by the Chief Actuary, this triennial actuarial report on the CPP involves projections of CPP revenues and expenditures over the 75-year projection period, so that the future impact of historical and projected trends in demographic and economic factors can be properly assessed.

The CPP provides protection to millions of Canadian workers and their families against the loss of income due to retirement, disability and death. In 2010, about five million Canadians received CPP benefits, with a total value of approximately \$32 billion. Canadians want to feel confident that the CPP will be able to meet their needs in future years. The actuarial report provides Canadians with the most recent information on the financial status of the Plan.

The report finds that under the 9.9% legislated contribution rate, the assets are projected to grow rapidly over the next 11 years as contribution revenue is expected to exceed expenditures over that period. Assets will continue to grow thereafter until the end of the projection period, but at a slower pace, reaching a level of 5.2 years of annual Plan expenditures by 2050. Despite the projected substantial increase in benefits paid as a result of an aging population, the CPP is expected to be able to meet its obligations throughout the projection period and to remain financially sustainable over the long term, with assets projected to accumulate to \$275 billion by the end of 2020. However, the report cautioned that if recent short-term improvements in life expectancies continue, especially for ages 75 to 89, it could put additional pressure on the minimum contribution rate that could cause the rate to increase above 9.9%.

<sup>13</sup> [http://www.osfi-bsif.gc.ca/app/DocRepository/1/eng/oca/reports/CP/CP25\\_e.pdf](http://www.osfi-bsif.gc.ca/app/DocRepository/1/eng/oca/reports/CP/CP25_e.pdf)

### External Peer Review of the 25<sup>th</sup> CPP Actuarial Report

The OCA commissioned an external peer review of the 25<sup>th</sup> CPP Actuarial Report. First introduced in 1999, the external peer review of actuarial reports by an independent panel of reviewers is intended to ensure that actuarial reports meet high professional standards and are based on reasonable assumptions in order to provide sound actuarial advice to Canadians.

The independent panel's findings confirm that the work performed by the OCA on the 25<sup>th</sup> CPP Actuarial Report meets all professional standards of practice and statutory requirements, and that the assumptions and methods used are reasonable. The panel also stated that the report fairly communicates the results of the work performed by the Chief Actuary and his staff.

The Canadian Institute of Actuaries standard on assumptions requires that the assumptions, individually and in the aggregate, should be appropriate. The panel has concluded that the assumptions adopted for the 25<sup>th</sup> CPP Actuarial Report are within the reasonable range, both individually and in the aggregate, and are therefore appropriate.

The external peer review of the 25<sup>th</sup> CPP Actuarial Report is public, as were previous peer reviews of the CPP Actuarial Reports, and is available on the OSFI Web site under OCA.

### Canada Student Loans Program Actuarial Review

The statutory *Actuarial Report on the Canada Student Loans Program as at July 31, 2009* was tabled before Parliament on June 14, 2010 in accordance with the *Canada Student Financial Assistance Act*.

The report presents the results of an actuarial review of the CSLP as at July 31, 2009 and includes projections of future costs of the Program through loan year 2033-2034. An actuarial review of the CSLP is prepared to provide an evaluation of the Program's overall financial costs and increase the level of information available to Parliament and the public.

### Public Sector Insurance and Pension Plans

The *Actuarial Report on the Pension Plan for the Federally Appointed Judges as at March 31, 2010*<sup>14</sup> was tabled by the President of the Treasury Board on December 15, 2010. The report shows the financial status of this pension plan.

### **Lessons Learned**

Released in March 2011, the results of the external peer review not only found that most aspects of the 25<sup>th</sup> Actuarial Report on the CPP were adequate, but also listed various recommendations for improvements for the next triennial review. The recommendations covered, among others, factors such as data, methodology, communication of results, and other actuarial issues. The OCA is developing an action plan to address these recommendations by the next external peer review in order to improve the quality of the reports, thus improving the OCA's actuarial services and advice. In particular, the peer reviewers welcomed changes to the 25<sup>th</sup> CPP Report that enhanced CPP stakeholders' understanding of the uncertainty inherent in the Chief

<sup>14</sup> [http://www.osfi-bsif.gc.ca/app/DocRepository/1/eng/reports/oca/judges2010\\_e.pdf](http://www.osfi-bsif.gc.ca/app/DocRepository/1/eng/reports/oca/judges2010_e.pdf)



Actuary's best-estimate of the future contribution rates. The OCA will continue searching for better ways to increase the understanding of the future costs and inherent risks of the programs under the OCA's scope by decision makers, Parliamentarians, and the public.

## Internal Services

OSFI's Internal Services program activity supports its two strategic outcomes. Internal Services are groups of related activities and resources that are administered to support the needs of programs and other corporate obligations of an organization. These groups are: Management and Oversight Services; Communications Services; Legal Services; Human Resources Management Services; Financial Management Services; Information Management Services; Information Technology Services; Real Property Services; Materiel Services; Acquisition Services; and Travel and Other Administrative Services. Internal Services include only those activities and resources that apply across an organization and not to those provided specifically to a program.

2010-2011 Financial Resources (\$ millions)		
Planned Spending	Total Authorities	Actual Spending
\$43.4	\$43.4	\$41.3

2010-2011 Human Resources (FTEs)		
Planned	Actual	Difference
152	162	10

The increase in FTE is largely attributed to filling approved vacancies to support the significant growth in OSFI's supervisory and regulatory staff complements in the past few years, as explained in the "Summary of Performance" section of this report.

## Performance Summary and Analysis of Program Activity

### Strengthening Internal Communication

In 2010-2011, OSFI's internal communication strategy focussed on engaging its employees and on promoting transparency. Regular town hall meetings and memos from the Superintendent, members of the Executive Committee and senior management kept employees informed of the latest developments and major initiatives. Throughout the year, OSFI continued to share its position and key messages on current issues with employees. Orientation sessions and in-house presentations by subject-matter experts helped new and existing staff learn about OSFI processes and stay abreast of changes within OSFI and in the external environment.

### Enhancing Infrastructure

In response to trends to global information sharing and enhanced financial reporting and risk assessment, the IM/IT division developed a new strategy in 2009-2010 to meet the need for increased flexibility in OSFI's technology systems.

In 2010-2011, the IM/IT division launched an Information Technology Renewal program to guide the implementation of the strategy. Progress included completion of a series of core infrastructure improvements as well as enhancements to OSFI's internal financial systems as a result of the 2011 implementation of International Financial Reporting Standards (IFRS).

Key system upgrades and renewal projects were initiated, including a new pension plan supervisory system, upgrades to OSFI's Web site and document management software, and planning commenced for a new Tri-Agency Database System (used by OSFI, the Bank of Canada and the Canada Deposit Insurance Corporation to collect, validate, manage and maintain financial returns).

#### Managing HR Challenges

External factors (e.g., international discussion on the future of regulation of the global financial system and the transition to International Financial Reporting Standards) continued to have a significant impact on OSFI's business and people in 2010-2011. Significant internal factors include an aging population, the need for continuous learning and development, and the need to have the right processes and people in place to conduct our business in a period of projected government restraint.

To mitigate such risks, OSFI develops an annual Human Resource (HR) plan that outlines the major human resource opportunities and challenges facing the organization, and the strategies we will undertake to address them.

## SECTION III: SUPPLEMENTARY INFORMATION

### Financial Highlights

OSFI is funded mainly through asset-based, premium-based or membership-based assessments on the financial institutions and private pension plans that OSFI regulates and supervises, and a user-pay program for selected services. OSFI also receives revenues for cost-recovered services and a parliamentary appropriation for actuarial services relating to public sector employee pension and insurance plans.

OSFI operated on a full accrual accounting basis according to Generally Accepted Accounting Principles for publicly accountable Canadian reporting entities during the year and adopted International Financial Reporting Standard (IFRS) effective April 1, 2011. Overall, OSFI recovered all its expenses for the fiscal year 2010-2011. The tables and charts below provide highlights from OSFI's Balance Sheet and Statement of Operations and Comprehensive Income, as presented in its audited financial statements. As such, there are differences between these tables and those presented in other sections of the Departmental Performance Report, which are prepared on the modified cash basis of accounting in accordance with the Guide to the Preparation of Part III of the 2010-11 Estimates. Typically the differences result from the accounting treatment of capital expenditures and accounts receivable.

### Condensed Balance Sheet

As at March 31, 2011 (\$ thousands)

	% Change	2010-2011	2009-2010
Total assets	1.8%	\$66,985	\$65,808
Total liabilities	3.1%	\$39,447	\$38,270
Equity of Canada	0.0%	\$27,538	\$27,538
	1.8%	\$66,985	\$65,808

The change in OSFI's total assets is predominantly related to an increase in Accounts Receivable due to the later than usual base assessment billing for the Life and Property & Casualty (P&C) insurance industries.

The change in OSFI's total liabilities is mainly attributed to increases in accrued liabilities related to unearned base assessments and pension plan fee revenues. The unearned revenues represent amounts collected in advance of the incurrence of costs.

## Condensed Statement of Operations and Comprehensive Income

For the year ended March 31, 2011 (\$ thousands)

	% Change	2010-2011	2009-2010
Total expenses	4.6%	\$108,058	\$103,309
Total revenues	4.6%	\$108,058	\$103,309
Net cost of operations	0.0%	\$0	\$0

OSFI matches its revenue to its operating costs. The 4.6% increase in OSFI's expenses is largely related to the growth in FTEs as explained in the "Expenditure Profile" section of this report.

## Financial Statements

OSFI's Audited Financial Statements, which are published in the Annual Report can be found on the OSFI website at: [http://www.osfi-bsif.gc.ca/osfi/index\\_e.aspx?DetailID=647](http://www.osfi-bsif.gc.ca/osfi/index_e.aspx?DetailID=647)

## List of Supplementary Information Tables

All electronic supplementary information tables listed below for the 2010–2011 Departmental Performance Report can be found on the Treasury Board of Canada Secretariat's website at: <http://www.tbs-sct.gc.ca/dpr-rmr/2010-2011/index-eng.asp>.

1. Sources of Respendable and Non-Respendable Revenue
2. User Fees/External Fees
3. Green Procurement
4. Internal Audits

## SECTION IV: OTHER ITEMS OF INTEREST

### Organizational Contact Information

Website:

<http://www.osfi-bsif.gc.ca>

General enquiries:

Email: [information@osfi-bsif.gc.ca](mailto:information@osfi-bsif.gc.ca)

Phone: 1-800-385-8647 (Monday through Friday, between 8:30 a.m. and 6:00 p.m. (Eastern Time)).

Head Office and mailing address:

255 Albert Street

Ottawa, Ontario

K1A 0H2

Canada